

COMPARATIVE RETURNS ON S&P UTILITIES AND MOODY'S
Aa-RATED UTILITY BONDS 1937—1994

<u>Year</u>	<u>Stock Price</u>	<u>Stock D Yield</u>	<u>Stock Return</u>	<u>Bond Price</u>	<u>Bond Return</u>
1960	44.50	4.03	22.52	87.99	9.29
1959	43.96	3.77	5.00	95.48	(3.66)
1958	33.30	4.87	36.88	104.83	(5.10)
1957	32.32	4.87	7.90	102.28	6.40
1956	31.55	4.72	7.16	115.92	(8.31)
1955	29.89	4.61	10.16	119.38	0.45
1954	25.51	5.20	22.37	116.56	5.85
1953	24.41	5.11	9.62	117.20	2.86
1952	22.22	5.50	15.36	118.28	2.47
1951	20.01	6.06	17.10	126.26	(3.15)
1950	20.20	5.54	4.60	127.94	1.81
1949	16.54	5.70	27.83	123.68	6.68
1948	16.53	5.35	5.41	120.94	5.57
1947	19.21	3.54	(10.41)	128.92	(3.08)
1946	21.34	2.98	(7.00)	129.65	2.52
1945	13.91	4.48	57.89	126.02	6.06
1944	12.10	5.69	20.65	125.55	3.56
1943	9.22	6.21	37.45	124.37	4.16
1942	8.54	9.40	17.36	122.53	4.77
1941	13.25	7.17	(28.38)	122.30	3.46
1940	16.97	5.40	(16.52)	120.94	4.43
1939	16.05	5.53	11.26	118.50	5.43
1938	14.30	7.30	19.54	112.18	9.20
1937	24.34	4.32	(36.93)	112.59	3.19

Arithmetic Mean

Common Stocks (S&P Utilities)	10.72%
Aa-Rated Utility Bonds (Moody's)	<u>5.55%</u>

RISK PREMIUM	<u>5.17%</u>
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See pages 1-3 of this schedule for an explanation of how stock and bond returns are derived and the source of the data presented.

RHC LECs' Capital Structure and Cost of Debt

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Total Shareholder Equity	\$58,302,217	\$59,345,356	\$58,784,895	\$55,373,961
Total Debt	\$39,170,329	\$40,359,159	\$39,447,469	\$39,775,560
Total Capital	\$97,472,546	\$99,704,515	\$98,232,364	\$95,149,521
Average Total Debt		\$39,764,744	\$39,903,314	\$39,611,515
Average Total Capital		\$98,588,531	\$98,968,440	\$96,690,943
Debt Ratio		40.33%	40.32%	40.97%
Equity Ratio		59.67%	59.68%	59.03%
Cost of Debt		8.98%	8.30%	7.88%

**QUALIFICATIONS OF
DR. JAMES H. VANDER WEIDE**

James H. Vander Weide is Research Professor of Finance and Economics at the Fuqua School of Business, Duke University. Dr. Vander Weide is also founder and President of Financial Strategy Associates, a consulting firm that provides strategic, financial, and economic consulting services, including cost of capital studies. He has testified on the cost of capital and other regulatory issues in more than 185 cases before the U. S. Congress, the Federal Communications Commission, the National Telecommunications and Information Administration, the Federal Energy Regulatory Commission, the public service commissions of twenty-nine states, and the insurance commissions of five states. He has also engaged in special research projects and designed financial software packages for firms in the banking, electric, gas, insurance, telephone, and water industries.

Educational Background and Prior Academic Experience

Dr. Vander Weide holds a Ph.D. in finance from Northwestern University and a B.A. from Cornell University. In January 1972, he joined the faculty of the School of Business at Duke University and was subsequently named Assistant Professor, Associate Professor, and then Professor. In 1982, he assumed the position of Associate Dean of Faculty Affairs at the Fuqua School. He resigned this position in July 1983 and is now Research Professor of Finance and Economics.

Since joining the faculty at Duke University, Dr. Vander Weide has taught courses in corporate finance, investment management, and management of financial institutions. He has also taught courses in statistics, economics, and operations research, and a Ph.D. seminar on the theory of public utility pricing.

In addition to his teaching in the full-time educational programs of the Fuqua School of Business, he has been active in executive education at Duke. Dr. Vander Weide helped design the Duke Advanced Management Program at the Fuqua School of Business and served as Program Director for this program for five years. Dr. Vander Weide now serves as Program Director and/or teacher in many executive programs designed to prepare managers for the competitive environment in American industry. In 1989, Dr. Vander Weide designed and initiated a three-week executive program for Soviet manager development, the first executive program in the United States designed exclusively for Soviet managers. The program continues for managers from the former Soviet republics since the breakup of the Soviet Union. He continues to deliver a nationally prominent program on the Cost of Capital for firms in regulated industries.

Publications

Dr. Vander Weide has written a book entitled *Managing Corporate Liquidity: An Introduction to Working Capital Management* for John Wiley and Sons, Inc., which was

published in August, 1984. He has also written a chapter on "Financial Management in the Short Run" for *The Handbook of Modern Finance*, and written research papers on such topics as portfolio management, capital budgeting, investments, the effect of regulation on the performance of public utilities, and cash management. His articles have been published in *American Economic Review*, *Financial Management*, *Journal of Finance*, *Journal of Financial and Quantitative Analysis*, *Journal of Bank Research*, *Journal of Portfolio Management*, *Journal of Accounting Research*, *Journal of Cash Management*, *Management Science*, *Atlantic Economic Journal*, *Journal of Economics and Business*, and *Computers and Operations Research*.

Professional Consulting Experience

Dr. Vander Weide has provided cost of capital studies and other financial consulting services to firms in the electric, gas, insurance, telecommunications, and water industries for over fifteen years. He also testified on the cost of capital and other regulatory issues before the U. S. Congress, the Federal Communications Commission, the Federal Energy Regulatory Commission, the National Telecommunications and Information Administration, the public service commissions of twenty-nine states, and the insurance commissions of five states. He worked for Bell Canada on a special task force to study the effects of vertical integration in the Canadian telephone industry.

Other Professional Experience

Dr. Vander Weide, in conjunction with his firm, has hosted a nationally prominent conference/workshop on determining the cost of capital where legal and financial executives from utilities and regulatory bodies have studied the strengths and weaknesses of the various approaches to estimating a company's cost of capital. In addition, he has conducted seminars and training sessions for executives in both regulated and unregulated industries on financial analysis, competitive strategy, financial strategy, capital budgeting, cost of capital, cash management, depreciation policies, and short-run financial planning.

In the 1970's, Dr. Vander Weide helped found University Analytics, Inc., one of the fastest growing small firms in the country. As an officer at University Analytics, he designed cash management models, databases, and software packages that are used by most major U. S. banks in consulting with their corporate clients. Having sold his interest in University Analytics, Dr. Vander Weide now concentrates on strategic and financial consulting, academic research, and executive education.

Dr. James H. Vander Weide
Dr. James H. Vander Weide

Sworn before me this
28 day of June, 1994

Phillip C. Hahn
My Commission Exp Jan 14th 1997



M. F. Del Casino
Administrator - Rates and Tariffs

Room 32D66
55 Corporate Drive
Bridgewater, NJ 08807
908 658-8881

May 16, 1994

Transmittal No. 6968

Secretary
Federal Communications Commission
Washington, DC 20554

Attention: Common Carrier Bureau

The accompanying tariff material issued by AT&T Communications and bearing Tariff F.C.C. No. 1, effective May 31, 1994, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended. This material consists of tariff pages as indicated on the following check sheets:

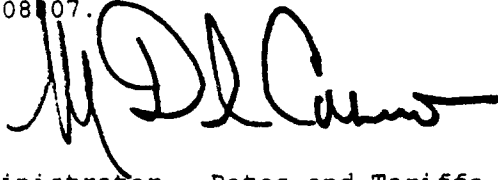
Tariff F.C.C. No. 1 - 2594th Revised Page 1
Tariff F.C.C. No. 1 - 172nd Revised Page 1.9

This filing introduces an AT&T Long Distance Message
Telecommunications Service promotion.

In conformance with Section 61.49(b) and (f) of the Federal Communications Commission's Rules and Regulations and the order of the Common Carrier Bureau, DA 92-1496, released on October 29, 1992, AT&T has calculated the adjustments for Basket 1, including adjustments to the Actual Price Index (API) and the affected Service Band Indices (SBIs). The new API falls below the Price Cap Index (PCI) for Basket 1 and the new SBIs fall within the required limits. AT&T has also calculated illustrative indices in accordance with the Bureau's October 29 order. Additionally, prior to calculating these adjustments, AT&T has calculated adjustments to reflect the effectiveness of certain of its restructured rates. The new indices are shown in Attachment A, following.

A continuing waiver of Sections 61.58 of the Federal Communications Commission's Rules and Regulations was requested under Application No. 1527 and has been granted under Special Permission No. 93-87.

Acknowledgment and date of receipt of this filing are requested to the address below. A duplicate letter of transmittal is attached for this purpose. Petitions can be served either by facsimile (908-953-8360) to the attention of Mr. R. Bailey or in person to Mr. M. F. DelCasino, Administrator - Rates and Tariffs, AT&T Communications, 55 Corporate Drive, Room 32D55, Bridgewater, NJ 08807.

A handwritten signature in black ink, appearing to read "M. F. DelCasino", with a long horizontal stroke extending to the right.

Administrator - Rates and Tariffs

Duplicate Letter

Attachments:

Attachment A

Tariff Pages (4)

Copy of Letter, with attachments, concurrently sent to:

Commercial Contractor

Chief, Tariff Review Branch, Public Reference Copy

AT&T COMMUNICATIONS

Adm. Rates and Tariffs

Bridgewater, NJ 08807

Issued: May 16, 1994

TARIFF F.C.C. NO. 1

Original Page 199.1.575

Effective: May 31, 1994

** All material on this page is new. **

8.1.1.585. Service Promotions

1. **AT&T LDMTS Promotion** - Beginning May 31, 1994 and ending November 30, 1994, AT&T will provide the following promotional rates to AT&T LDMTS Customers in Delaware and Pennsylvania.

Specifically, interstate intraLATA Dial Station calls which (1) originate in the 302 NPA and terminate in the 215 NPA or the 610 NPA or (2) originate in either the 215 NPA or the 610 NPA and terminate in the 302 NPA will be rated according to the following schedules:

Dial Station

Rate Mileage	Day		Evening		Night/Weekend	
	Initial Period	Add'l Minute	Initial Period	Add'l Minute	Initial Period	Add'l Minute
1-10	0.2160	0.1800	0.1300	0.1080	0.1080	0.0900
11-22	0.2300	0.2160	0.1300	0.1260	0.1170	0.0990
23-55	0.2400	0.2340	0.1500	0.1350	0.1200	0.1080
56-124	0.2500	0.2430	0.1500	0.1500	0.1200	0.1200
125-292	0.2500	0.2430	0.1600	0.1530	0.1200	0.1200

The above rates apply in lieu of the Dial Station rates set forth in Section 3.2.1.L.1. except for Dial Station calls that are billed at reduced rates pursuant to Section 3.2.1.J. and Block-of-Time Calling Plan calls (Section 3.2.1.I.1) which span more than one rate period and require special rating by the Local Exchange Company.

This promotion is available to Customers in the States of Delaware and Pennsylvania calling from the areas served by the following Local Exchange Companies:

Bell Atlantic
Contel

GTE
United

Introducing the smart way to call
from Delaware to Philadelphia.

10-ATT

Dial it and save.



Now when calling from home, you can
save 10% on toll calls from Delaware
to anywhere within the map.*

Check your phone bill. You'll probably
be surprised at how much your local phone
company is charging for toll calls
to the 215 and 610 area codes in the
Philadelphia area.

Fortunately you have
another choice that can save
you 10%. Just dial 10-ATT

first, before you make a toll call from home to
the 215 and 610 area codes.

**Dial 10-ATT + 1 + the area code and
the number you're calling.** Dial it now
and start saving. There's no need to sign up,
and no monthly fee.

If you have any questions about
when to use 10-ATT give us a call
at 1-800-282-4212, ext. 66100.

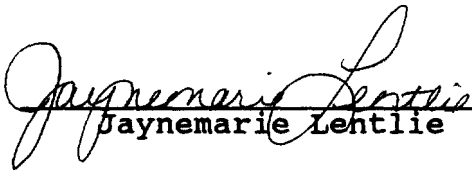
AT&T is bringing quality and
savings even closer to home.

AT&T. Your True Voice.™



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "Reply Comments of Bell Atlantic" was served this 29th day of June, 1994, by first class mail, postage prepaid, on the parties on the attached list.


Jaynemarie Lentlie

Tariff Division *
Common Carrier Bureau
Federal Communications Commission
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(two copies)

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